

FINANCIAL STATEMENT AND
INDEPENDENT AUDITORS' REPORT

800 MHZ TRANSITION ADMINISTRATOR, LLC

DECEMBER 31, 2005



**800 MHz RECONFIGURATION
FINANCIAL STATEMENT
FOR THE PERIOD FROM AUGUST 6, 2004 (INCEPTION) THROUGH DECEMBER 31, 2005**

JULY 12, 2006

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OVERVIEW

800 MHz Transition Administrator, LLC (“TA”) provides to the Federal Communications Commission (“FCC”) audited financial statements reporting relocation funds expended in connection with the reconfiguration of the 800 MHz band during the period from August 6, 2004 (“Inception”) through December 31, 2005. Pursuant to the FCC’s *Reconfiguration Orders*,¹ the TA,² as the manager of the reconfiguration effort, is required to submit on an annual basis, an audited statement of relocation funds expended, including salaries and expenses of the TA³.

¹ *Improving Public Safety Communications in the 800 MHz Band*, Report and Order, Fifth Report and Order, Fourth Memorandum Opinion and Order, and Order, 19 FCC Rcd 14969 (2004) (“*Report and Order*”); as amended by *Erratum*, WT Docket No. 02-55 (rel. Sept. 10, 2005); *Second Erratum*, 19 FCC Rcd 19651 (2004); *Public Notice*, “Commission Seeks Comment on *Ex Parte* Presentations and Extends Certain Deadlines Regarding the 800 MHz Public Safety Interference Proceeding,” 19 FCC Rcd 21492 (2004); *Third Erratum*, 19 FCC Rcd 21818 (2004); Supplemental Order and Order on Reconsideration, 19 FCC Rcd 25120 (2004) (“*Supplemental Order*”); *Erratum*, WT Docket No. 02-55 (rel. Jan. 19, 2005); Memorandum Opinion and Order, 20 FCC Rcd 16015 (2005) (“*Memorandum Opinion and Order*”) (collectively “*Reconfiguration Orders*”).

² 800 MHz Transition Administrator, LLC is the Transition Administrator for the reconfiguration of the 800 MHz band as mandated by the FCC. 800 MHz Transition Administrator, LLC has contracted with BearingPoint, Inc. (“BearingPoint”), Squire, Sanders & Dempsey L.L.P. (“SSD”), and Baseline Telecom, Inc. (“BTI”) (each a “TA Member” and collectively “TA Members”) to perform the duties of the TA.

³ *Report and Order*, 19 FCC Rcd at 15073, 47 C.F.R. § 90.676(b)(4).

INDEPENDENT AUDITORS' REPORT

To the 800 MHz Transition Administrator, LLC

We have audited the accompanying Statement of Program Expenditures (financial statement) of the 800 MHz Reconfiguration Program ("Program") for the period from August 6, 2004 ("Inception") through December 31, 2005, and specifically for the expenditures related to 800 MHz Incumbent Reconfiguration Costs, Sprint Nextel Internal Relocation Costs, Letter of Credit Fees, and 800 MHz Transition Administrator Fees for the period from August 6, 2004 ("Inception") through December 31, 2005. This financial statement is the responsibility of the management of both the 800 MHz Transition Administrator, LLC and of Sprint Nextel. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the Program expenditures of the 800 MHz Reconfiguration Program for 800 MHz Incumbent Reconfiguration Costs and Sprint Nextel Internal Relocation Costs for the period from August 6, 2004 ("Inception") through December 31, 2005, in conformity with a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As described in Note II, this financial statement includes these Program expenditures which are prepared on the cash basis of accounting.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the Program expenditures of the 800 MHz Reconfiguration Program for Letter of Credit Fees and 800 MHz Transition Administrator Fees for the period from August 6, 2004 ("Inception") through December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. As described in Note II, this financial statement includes these Program expenditures which are prepared on the accrual basis of accounting.

In accordance with Government Auditing Standards, we have also issued our report dated July 12, 2006, on our consideration of the 800 MHz Reconfiguration Program's internal control over financial reporting and on our tests of its compliance with certain provisions



of laws, regulations, contracts, and other matters, including the requirements of the Federal Communications Commission Report and Order FCC 04-168, dated August 6, 2004, as amended, modified and supplemented. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bethesda, Maryland
July 12, 2006

**800 MHz RECONFIGURATION
STATEMENT OF PROGRAM EXPENDITURES
FOR THE PERIOD FROM
AUGUST 6, 2004 (INCEPTION) THROUGH DECEMBER 31, 2005**

800 MHz Incumbent Reconfiguration Costs	\$ 1,554,856
Sprint Nextel Internal Relocation Costs	344,211
Letter of Credit Fees	12,022,917
800 MHz Transition Administrator Fees	<u>29,604,054</u>
Total Program Expenditures	<u>\$ 43,526,038</u>

See Notes to the Financial Statement

**800 MHz RECONFIGURATION
NOTES TO THE FINANCIAL STATEMENT**

I. 800 MHz RECONFIGURATION PROGRAM DESCRIPTION

A. Program Background

The Federal Communications Commission (“FCC”) on August 6, 2004 (“Inception”) ordered the reconfiguration of the 800 MHz band (“800 MHz Reconfiguration” or “Program”) to eliminate interference to critical public safety communications from commercial wireless carriers operating in the band. Over the past several years, public safety and other “high-site” radio systems - including those used by police, firefighters, emergency services, utilities, businesses, and others operating in the 806-824 MHz/851-869 MHz band (the “800 MHz band”) - increasingly experienced equipment interference problems and communications “dead zones” as a result of technically incompatible “low-site” commercial wireless systems operating in the same or adjacent spectrum bands. This issue became more problematic as low-site systems flourished (such as those of Sprint Nextel) and high-site 800 MHz public safety systems became more widespread.

In order to alleviate the interference between the two types of systems, 800 MHz Reconfiguration will move public safety licensees to lower segments of the band and commercial cellular networks to higher segments. Additionally, an “Expansion Band” and a “Guard Band” will be created to serve as a buffer between the different systems. The Program is being overseen by a Transition Administrator, 800 MHz Transition Administrator, LLC (“TA”), which on January 31, 2005, released a Regional Prioritization Plan (“RPP”) outlining a schedule for accomplishing reconfiguration of the 800 MHz band.

The schedule outlined in the RPP established dates for commencement of band reconfiguration in each of fifty-five 800 MHz National Public Safety Planning Advisory Committee (NPSPAC) regions, which are grouped into two stages, each with four waves (Waves 1-4). The RPP provides that the four waves start reconfiguration successively on a staggered schedule within each stage, in order to accomplish 800 MHz reconfiguration within a three-year timeframe, which commenced on June 27, 2005 upon the start date of Reconfiguration for Wave 1 Stage 1. From Inception to the June 27, 2005 start of reconfiguration for Wave 1 Stage 1, Program activities included frequency planning, process and policy development, stakeholder outreach and education and planning for the relocation of Sprint Nextel’s 800 MHz operations.

B. Affected Parties

The primary parties affected by the reconfiguration process include:

1. 800 MHz Incumbent Licensees

The FCC ordered certain licensees operating 800 MHz systems (“800 MHz Incumbent Licensees”) to relocate their systems to comparable facilities at new frequencies and required Sprint Nextel to pay all reasonable reconfiguration costs of the relocations. 800 MHz Incumbent Licensees negotiate and enter contracts (Planning Funding Agreements and Frequency Reconfiguration Agreements) with Sprint Nextel to document the terms of incumbent reconfigurations. The TA reviews and approves requests for planning funding and cost estimates associated with these reconfigurations, and reviews the amounts expended at the completion of each licensee reconfiguration to ensure the amounts expended are consistent with TA approved amounts.

2. Sprint Nextel

Sprint Nextel is charged by the FCC with funding 800 MHz reconfiguration expenditures, including relocation costs of affected licensees, costs of reconfiguring many of its own 800 MHz operations, and other program expenditures such as TA and audit fees. To ensure that the reconfiguration of all affected licensees is completed nationwide, the FCC required Sprint Nextel to obtain irrevocable letters of credit in the amount of \$2.5 billion and commit to fully funding the 800 MHz Reconfiguration.

Sprint Nextel has relinquished spectrum within the 800 MHz band to 800 MHz band licensees and has received spectrum in the 1.9 GHz band. To ensure that Sprint Nextel does not realize any windfall gain, at completion of reconfiguration, the Commission will require Sprint Nextel to pay into the U.S. Treasury the difference between the value of the 1.9 GHz spectrum it received (\$4.86 billion) and the sum of (1) the net value of spectrum rights that Sprint Nextel has relinquished to 800 MHz band licensees (\$2.059 billion); (2) the actual cost of 800 MHz band reconfiguration (“800 MHz Reconfiguration Program Expenditures”); and (3) costs incurred by Nextel to clear the 1.9 GHz band, less any reimbursed expenses.

3. 800 MHz Transition Administrator LLC (“TA”)

The TA is an independent entity charged with administrative and financial aspects of the reconfiguration process. The TA contracted with BearingPoint, Inc, Squire, Sanders & Dempsey, L.L.P. and Baseline Telecom, Inc. to perform the duties of the TA. Among its duties, the TA establishes reconfiguration guidelines, specifies replacement channels, reviews 800 MHz licensee reconfiguration cost estimates, monitors payment of and reviews 800 MHz licensee reconfiguration costs, assesses Sprint Nextel internal costs of relocation, manages the relocation schedule, facilitates issue resolution and administers the alternative dispute resolution process.

II. SIGNIFICANT ACCOUNTING PRINCIPLES

A. Final Accounting and Scope of 800 MHz Reconfiguration Financial Statements

At completion of the three-year reconfiguration process, but no later than six months thereafter, a financial reconciliation, or “Final Accounting”, will be performed to determine any payment due from Sprint Nextel to the U.S. Treasury for any difference between:

- the \$4.86 billion assigned value of the 1.9 GHz band spectrum rights received by Sprint Nextel; and
- the net sum of:
 - i. the \$2.059 billion assigned value of the spectrum Sprint Nextel relinquished in the 800 MHz band
 - ii. the 800 MHz Reconfiguration Program Expenditures; and
 - iii. the costs incurred by Sprint Nextel to clear the 1.9 GHz band, less any reimbursed expenses.

The scope of these financial statements is limited to 800 MHz Reconfiguration Program Expenditures which have been submitted by Sprint Nextel for TA assessment and assessed by the TA as allowable 800 MHz Reconfiguration Program Expenditures, subject to Sprint Nextel’s performance in accordance with FCC Rules and Regulations (“Creditable Costs”), which, during the Final Accounting, will be credited against the \$4.86 billion assigned value of the 1.9 GHz band spectrum received by Sprint Nextel, together with any adjustments made by the FCC, in order to determine the amount of any payment due from Sprint Nextel to the U.S. Treasury. These financial statements are prepared on the following bases of accounting (as further described in sections B. - E. below):

- 800 MHz Incumbent Reconfiguration Costs and Sprint Nextel Internal Relocation Costs are presented in conformity with a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America; and
- Letter of Credit Fees and 800 MHz Transition Administrator Fees are presented in conformity with accounting principles generally accepted in the United States of America.

B. 800 MHz Incumbent Reconfiguration Costs

800 MHz Incumbent Reconfiguration Costs are presented on the cash basis of accounting and reflect amounts paid by Sprint Nextel to incumbent licensees and their vendors. These expenditures include costs of incumbent licensee planning and reconfiguration activities incurred pursuant to TA approved cost estimates and requests for planning funding, as well as certain sales and use taxes and FCC filing fees paid by Sprint Nextel.

C. Sprint Nextel Internal Relocation Costs

Sprint Nextel Internal Relocation Costs are presented on the cash basis of accounting. These costs relate to activities associated with relocation of Sprint Nextel's systems in the 800 MHz band, such as installing improved filters in Sprint Nextel's 800 MHz base station transmitters and relocating Sprint Nextel's operations to new channels, as well as Sprint Nextel's Program administration costs.

Sprint Nextel Internal Relocation Costs reflected in these financial statements are limited to amounts which:

- have been submitted by Sprint Nextel for assessment by the TA; and
- assessed by the TA as Creditable Costs.

Accordingly, these amounts do not include all of the Sprint Nextel Internal Relocation Costs incurred through December 31, 2005 which may ultimately be assessed as Creditable Costs during a subsequent reporting period, because the amounts in the Sprint Nextel Internal Relocation Costs reflected in these financial statements exclude both (See Note VII):

- costs that have been incurred but not yet submitted by Sprint Nextel for assessment by the TA; and
- costs submitted by Sprint Nextel for which more information is needed from Sprint Nextel in order for the TA to complete its assessment.

D. Letter of Credit Fees

Letter of Credit Fees are presented on the accrual basis of accounting and reflect the interest costs of the \$2.5 billion letters of credit maintained by Sprint Nextel as security for payment of 800 MHz Incumbent Reconfiguration Costs. The TA may initiate draws on the letters of credit to pay 800 MHz Incumbent Licensees or their vendors in the event that Sprint Nextel fails to make payment within 30 days of a payment obligation date, and fails to demonstrate good cause for non-payment within 40 days of a payment obligation date. The carrying balance of the letters of credit may be reduced over the life of the Program, as Sprint Nextel's remaining payment obligations related to 800 MHz Incumbent Reconfiguration costs are reduced, provided however, that the minimum balance in the letters of credit remains at \$850 million.

Letter of Credit Fees are governed by the credit agreement Sprint Nextel has entered with its banks, as they may be amended from time to time. On December 19, 2005, Sprint Nextel renegotiated the credit agreements with its banks, resulting in reduced interest rates applied to the letters of credit as compared to the rates that applied prior to execution of the renegotiated agreements. Interest on the letters of credit accrues daily based on the Letter of Credit exposure, defined as the sum of (a) the aggregate undrawn amount of all outstanding letters of credit; plus (b) the aggregate amount of all letter of credit disbursements unpaid by Sprint Nextel.

As of December 31, 2005, Letter of Credit Fees are comprised of two components:

- a fronting fee of 1/10 of 1% per year; and
- a participation fee percentage, which varies depending on Sprint Nextel's corporate credit rating, as published by Standard & Poor's Rating Services and Moody's Investors Service, Inc.

E. 800 MHz Transition Administrator Fees

TA Fees are presented on the accrual basis of accounting and are billed in accordance with the TA's agreements with Sprint Nextel. Labor is billed at contractually agreed hourly rates, and reasonable costs and expenses, including travel, are billed as incurred.

III. 800 MHz INCUMBENT RECONFIGURATION COSTS

From June 27, 2005 (the start date for Wave 1 Reconfiguration) through December 31, 2005, 800 MHz incumbent licensees and Sprint Nextel executed two TA-approved Planning Funding Agreements and 289 TA-approved Frequency Reconfiguration Agreements (including 10 amendments). There was no 800 MHz Incumbent Reconfiguration activity from Inception through the June 27, 2005 start date for Wave 1 Reconfiguration.

Total amounts approved by the TA and paid by Sprint Nextel related to these contracts are as follows:

	Activity from Inception through <u>December 31, 2005</u>
Planning Funding Agreements	\$ 31,895
Frequency Reconfiguration Agreements	<u>4,056,164</u>
Total Approved Contract Values	<u>\$ 4,088,059</u>
Amount Paid by Sprint Nextel	<u>\$ 1,552,970</u>
Remaining Amount Approved for Payment When Incurred and Due	<u>\$ 2,535,089</u>

Total 800 MHz Incumbent Reconfiguration Costs of \$1,554,856 incurred through December 31, 2005 includes \$1,552,970 paid pursuant to Planning Funding Agreement and Frequency Reconfiguration Agreement contract values reviewed and approved by the TA, as well as an additional \$1,886 of certain sales and use taxes paid by Sprint Nextel and related to TA approved agreements.

IV. SPRINT NEXTEL INTERNAL RELOCATION COSTS

Sprint Nextel Internal Relocation Costs incurred through December 31, 2005 and assessed by the TA as Creditable Costs are \$344,211 and exclude:

- costs that have been incurred but not yet submitted by Sprint Nextel for TA assessment; and
- costs submitted by Sprint Nextel for which more information is needed from Sprint Nextel in order for the TA to complete its assessment.

See Notes II and VII for further details.

V. LETTER OF CREDIT FEES

From June 9, 2005 (the initial date Sprint Nextel opened the letters of credit) through December 31, 2005, the carrying balance of the letters of credit was \$2.5 billion. Through December 31, 2005, there were no draws or disbursements on the letters of credit. Letter of Credit Fees incurred through December 31, 2005 are \$12,022,917.

VI. 800 MHz TRANSITION ADMINISTRATOR FEES

Fees for labor hours ("Fees") and expenses of the TA incurred through December 31, 2005 are as follows:

	<u>Expenditures Incurred from Inception through December 31, 2005</u>
Fees	\$ 28,070,631
Expenses	<u>1,533,423</u>
Total Fees & Expenses	<u>\$ 29,604,054</u>

VII. SCHEDULE OF PROGRAM EXPENDITURES (Unaudited)

Sprint Nextel has submitted to the TA for assessment a total of \$86.4 million in Program expenditures incurred through December 31, 2005. The \$86.4 million submitted by Sprint Nextel is inclusive of all costs through December 31, 2005 in the following categories:

- 800 MHz Incumbent Reconfiguration Costs paid by Sprint Nextel pursuant to TA approved Planning Funding Agreements and Frequency Reconfiguration Agreements;
- Letter of Credit Fees; and
- 800 MHz Transition Administrator Fees.

The \$86.4 million submitted by Sprint Nextel excludes the following costs:

- \$2.5 million in 800 MHz Incumbent Reconfiguration Costs related to TA approved Planning Funding Agreements and Frequency Reconfiguration Agreements, which agreements were executed but for which payment was not yet due as of December 31, 2005. These costs, when paid and reconciled, will be Creditable Costs that will be included in a subsequent audited Statement of Program Expenditures; and
- an undetermined amount of Sprint Nextel Internal Relocation Costs incurred through December 31, 2005. These costs relate to relocation of Sprint Nextel's systems in the 800 MHz band, such as installing improved filters in Sprint Nextel's 800 MHz base station transmitters and relocating Sprint Nextel's operations to new channels. The costs in this category include equipment costs, internal labor costs and amounts paid to Sprint Nextel's vendors and are expected to be significant. The TA will assess these costs when Sprint Nextel submits the costs, together with supporting documentation, for TA review. Those costs submitted that are determined by the TA to be Creditable Costs will be included in a subsequent audited Statement of Program Expenditures.

The accompanying unaudited Schedule of Program Expenditures presents a summary of total amounts submitted by Sprint Nextel for TA Credit Assessment for costs incurred through December 31, 2005. The TA has assessed \$43.5 million of the submitted costs as Creditable Costs and has requested more information from Sprint Nextel in order to allow TA assessment of the remaining \$42.9 million in submitted costs.

800 MHz RECONFIGURATION
SCHEDULE OF PROGRAM EXPENDITURES
FOR COSTS SUBMITTED BY SPRINT NEXTEL FOR THE PERIOD FROM
AUGUST 6, 2004 (INCEPTION) THROUGH DECEMBER 31, 2005
(UNAUDITED)

	Expenditures Submitted for <u>Credit</u> <u>Assessment</u>	Amounts Assessed as <u>Creditable Costs</u>	Amounts Open for More Information to Allow <u>Credit Assessment</u>
800 MHz Incumbent Costs	\$ 1,554,856	\$ 1,554,856	\$ -
Sprint Nextel Internal Relocation Costs	11,137,464	344,211	10,793,253
Letter of Credit Fees	12,022,917	12,022,917	-
800 MHz Transition Administrator Fees	29,604,054	29,604,054	-
Other Costs	<u>32,080,511</u>	<u>-</u>	<u>32,080,511</u>
Total Costs Submitted	<u>\$ 86,399,802</u>	<u>\$ 43,526,038</u>	<u>\$ 42,873,764</u>

VIII. SUBSEQUENT EVENTS

Following is discussion of expenditures assessed by the TA as Creditable Costs as of the quarter ended March 31, 2006.

A. 800 MHz Incumbent Reconfiguration Costs

From Inception through March 31, 2006, 800 MHz incumbent licensees and Sprint Nextel had executed 21 TA-approved Planning Funding Agreements and 521 TA-approved Frequency Reconfiguration Agreements (including 33 amendments).

Total amounts approved by the TA and paid by Sprint Nextel related to contracts executed by 800 MHz incumbent licensees and Sprint Nextel are as follows:

	Activity during the Quarter ended <u>March 31, 2006</u>	Activity from Inception through <u>March 31, 2006</u>
Planning Funding Agreements	\$ 3,146,454	\$ 3,178,349
Frequency Reconfiguration Agreements	<u>10,720,832</u>	<u>14,776,996</u>
Total Approved Contract Values	<u>\$ 13,867,286</u>	<u>\$ 17,955,345</u>
Amount Paid by Sprint Nextel	<u>\$ 3,736,883</u>	<u>\$ 5,289,853</u>
Remaining Amount Approved for Payment When Incurred and Due	<u>\$ 10,130,403</u>	<u>\$ 12,665,492</u>

B. Sprint Nextel Internal Relocation Costs

Sprint Nextel has not yet submitted to the TA for assessment the Sprint Nextel Internal Relocation Costs incurred in the quarter ended March 31, 2006. See notes II and VII for further details.

C. Letter of Credit Fees

As of March 31, 2006, the carrying balance of the letters of credit was \$2.5 billion. There were no draws or disbursements on the letters of credit during the quarter ended March 31, 2006. Letter of Credit Fees for the Quarter Ended March 31, 2006 and through March 31, 2006 are \$2,085,416 and \$14,108,333, respectively.

D. 800 MHz Transition Administrator Fees

Fees and expenses of the TA are as follows:

	Expenditures Incurred during the Quarter ended <u>March 31, 2006</u>	Expenditures Incurred from Inception through <u>March 31, 2006</u>
Fees	\$ 7,228,842	\$ 35,299,473
Expenses	<u>907,156</u>	<u>2,440,579</u>
Total Fees and Expenses	<u>\$ 8,135,998</u>	<u>\$ 37,740,052</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

To the 800 MHz Transition Administrator LLC

We have audited the financial statement of the 800 MHz Reconfiguration Program for the period from August 6, 2004 ("Inception") through December 31, 2005, and have issued our report thereon dated July 12, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 800 MHz Reconfiguration Program's internal control over financial reporting, as established by both the 800 MHz Transition Administrator LLC and Sprint Nextel, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 800 MHz Reconfiguration Program's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, and regulations, including Report and Order FCC 04-168 dated August 6, 2004 as amended, modified and supplemented, and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



This report is intended solely for the information and use of management of 800 MHz Transition Administrator LLC, Sprint Nextel, and the Federal Communication Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Bethesda, Maryland
July 12, 2006